



STATE OF WASHINGTON

DEPARTMENT OF SOCIAL AND HEALTH SERVICES

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TO: ADSA Staff and Stakeholders

FROM: MaryAnne Lindeblad, Assistant Secretary
Aging and Disability Services Administration

SUBJECT: Summary of 2011 Legislative Session Impact on ADSA

On June 15 Governor Gregoire signed the last of the bills passed in the lengthy 2011 legislative session. This memorandum is to summarize those bills and budget actions as they relate to Aging and Disability Services programs.

As all of you know, it was a long session dominated by incredibly difficult budget decisions. When she introduced her budget last December, the Governor said: "Quite simply, we've had to cut the unthinkable to avoid the unbearable." Over the course of the long session, the Legislature moderated some of the Governor's reduction proposals, initiated others, but overall, demonstrated its long-standing commitment to Washington's most vulnerable residents by preserving funding for key programs, including those supported solely from state resources, even as state revenues continued to decline.

While analysis continues and implementation steps begin to occur, you will hear more details. The following provides an overview, first of key pieces of legislation:

- [ESHB1277](#) – Made important changes to Adult Family Home (AFH) licensing, including increasing qualifications to become an AFH; increased sanctions for AFH operators who violate laws and performance standards; and requires licensing fees for residential facilities to be determined within the operating budget. The AFH license fee was increased to a level that covers 60 percent of the state's cost for oversight by the end of the biennium, including additional full time employees for investigation of the increasing numbers of AFH-related citizen complaints.
- [SSB5459](#) (partial [veto](#)) – Prohibits admission of children under age 16 to Residential Habilitation Centers (RHC) for people with developmental disabilities; limits RHC admissions of youth, age 16 to 21, to short-term respite or crisis care; closes Frances Haddon Morgan Center; freezes long-term admissions to Yakima Valley School and requires any savings from RHC consolidation to be invested in new community services; and establishes a legislative task force to make recommendations on the future of RHC's.
- [ESSB 5581](#) – Makes adjustments in nursing home rates and creates the skilled nursing facility safety net assessment and trust fund. Assessment funds receive federal matching

funds to increase Medicaid payment rates to nursing home providers. The net result is an increase in nursing home payments by approximately four percent industry-wide.

- [ESHB 1548](#) – Postpones increases in required training, required certification and enhancement of federal background checks for long-term care workers.
- [SHB1170](#) – Adds "Triage Facilities" to the types of facilities law enforcement officers may use for an individual suffering from a mental disorder and who presents an imminent likelihood of serious harm or is in imminent danger. DSHS will certify triage facilities and will work with the Washington Association of Counties and the Washington Association of Sheriffs and Police Chiefs in developing certification standards.

Several important bills related to healthcare reform were passed:

- [E2SSB 5596](#) – Requires submission of a demonstration waiver to the Centers for Medicare and Medicaid Services to revise the Medicaid program.
- [SB5394](#) – Requires health care purchasing for Medicaid, Basic Health and the Public Employees Benefits Board to broadly encourage primary care health homes to coordinate all medical care with a multi-disciplinary health care team.
- [2E2SHB 1738](#) – Changes designation of the single state Medicaid agency from DSHS to the Health Care Authority. Section 116 requires a preliminary reporting by the end of 2011 and final reporting by the end of 2012 on the role of the Health Care Authority in state purchasing of mental health, substance abuse treatment and long-term care services, including services for people with developmental disabilities.

The following links provide overall budget information:

- [Overview](#)
- [Summary & Agency Details Reports](#)
- [2ESHB 1087 as passed Legislature 5/25/11](#)
- [Governor's veto message 6/15/11](#)

Based on the policy and program requirements in place in the 09-11 biennium, had there been no policy changes, ADSA's budget would have grown by 6.4 percent. The changes made by the legislature included increased revenues (primarily through the nursing home assessment, licensing fees, and increased leveraging of federal funds) and program cuts. Those changes resulted in a net reduction of approximately \$274 million from what ADSA would have otherwise spent. Compared to the 09-11 biennial budget, the 11-13 budget for ADSA is 2.5 percent higher in total, primarily due to caseload growth.

By program area:

	FY 11-13	% Change
Long Term Care	\$3.4 billion	+5.2%
Developmental Disabilities	\$1.9 billion	+ . 2%
Mental Health	\$1.6 billion	+1.6%
Alcohol and Substance Abuse	\$.3 billion	-5.9%
Total	\$7.2 billion	+2.5%

* From the Nursing Home Safety Net Assessment due to increased revenues.

The ADSA -specific budget changes are also outlined in the attached chart. In summary:

- **ADSA reductions:** Reductions are continued in field service State Operated Living Facilities and Residential Habilitation staff and services, central office operations and staff training. DSHS has reduced the number of administrative regions to three (from six in most cases). Most state employees will have a 3 percent wage cut.
- **Cost avoidance:** The increase in mandatory training for long-term care (LTC) workers was delayed. For the most part, training requirements will return to what was in place at the end of 2010. An investment is made in the LTC Family Caregiver Support Program (at a net savings) to delay entry of people onto more expensive Medicaid services.
- **Rate changes:** Funding for health benefits for individual providers and agency providers of personal care is increased. Adjustments to nursing home rates are offset with increased revenues from a Nursing Facility Safety Net Assessment fee. Certified and Staffed Division of Developmental Disabilities (DDD) Residential providers receives a 1 percent additional reduction.
- **Service reductions:** The acuity-based reduction in personal care service hours is continued. Reductions in funding are continued for Regional Support Networks, DDD Individual and Family Services, Senior Citizens Services Act, Long-term Residential and Outpatient Chemical Dependency Services, DDD Voluntary Placement and Youth Detoxification Services.

New policy directions will be initiated in the employment and day services programs for people with needs related to LTC or developmental disabilities:

- Adult Day Health (ADH) will become an option under the LTC Home and Community-Based Service waiver, COPES, rather than an optional service under the Medicaid State Plan. ADH currently supports people with needs related to developmental disabilities and long-term care.

- After nine months of participation in employment supports, people with developmental disabilities without jobs will be offered the option of continuing or receiving a community access program.
- Workgroups are formed to improve community access and develop a new approach to employment and day services. A proposal will be provided to the 2012 legislature on a program design that allows a person with a developmental disability to have choice between employment, community access and a community day option.

Overall funding for employment and day services (including ADH) was decreased by \$20.1million (\$11.5 million General Fund-State).

- **Service Alternative:** Medicaid funding will be obtained for the Program for Assertive Community Treatment (PACT) and the Program for Adaptive Living (PACT) in Behavioral Health. One DDD Regional Habilitation Center, Frances Haddon Morgan Center will be closed, with funding prioritized for improving and enhancing community-based services.
- **Service Investment:** Funding was provided to support community placements for people leaving foster care, juvenile rehabilitation, mental health institutions and correctional facilities.

This was my first legislative session as the ADSA Assistant Secretary. The experience has made it clear to me that the engagement, passion and mission-focus of ADSA staff and stakeholders has been key to the legislature making the best of a difficult bad series of choices. I look forward to working with you through the summer and fall as we prepare for next session.

Attachment